

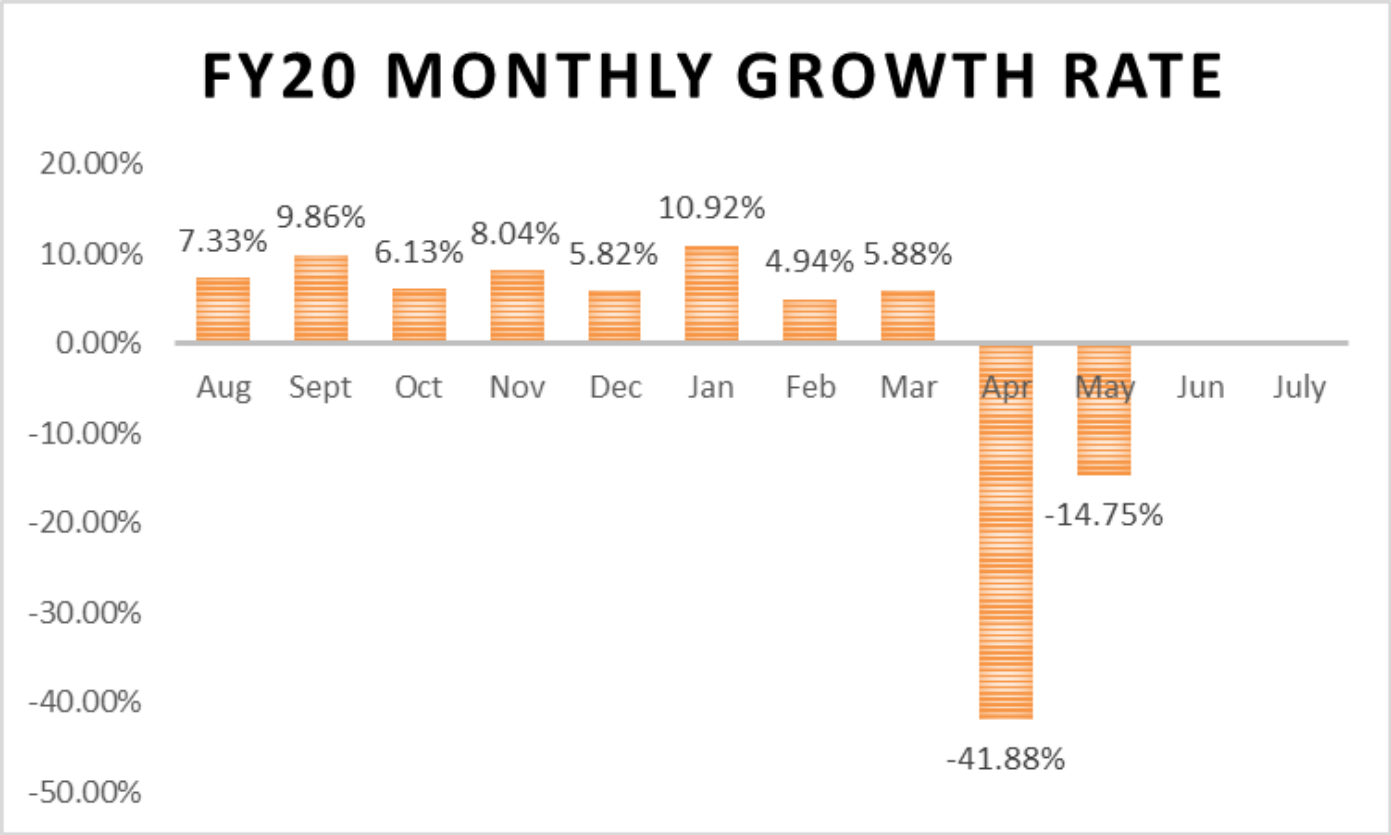


# FISCAL YEAR 2020 - 2021 BUDGET

# Committed To Fully Funding ...

- ✓ **Basic Education Program (BEP)**
- ✓ **Pensions & Health Insurance**
- ✓ **Debt Service Requirements**
- ✓ **Structurally Balanced Budget**

# Negative Growth



# Revenue Impact

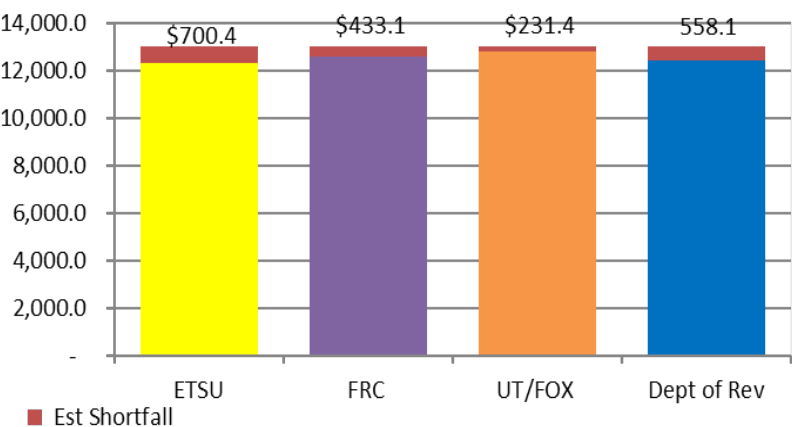
**State Funding Board presentations by leading economists suggest a revenue shortfall between \$500 million and \$1.5 billion.**

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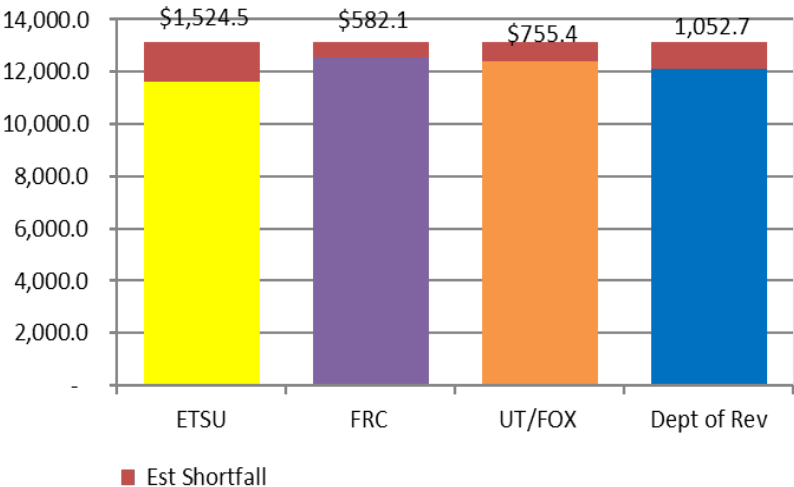
**Using as combination of cash, reserves, and reductions, the budget will be structurally balanced over multiple fiscal years.**

# Revenue Projections

**FY20 Tax Revenue Shortfall  
Forecasts**



**FY21 Tax Revenue Shortfall  
Forecasts**



# Finding Reductions – The Challenge

|  |                    |
|--|--------------------|
| <b>STARTING POINT: Recurring Appropriation</b>   | <b>\$14,706.9M</b> |
| <b>LESS: Programs Funded from Dedicated Fees</b> | <b>-\$873.1M</b>   |
| <b>LESS: Programs we typically Hold Harmless</b> | <b>-\$6,987.6M</b> |
| BEP  | -\$5,014.6M        |
| Correction Institutional Operations              | -\$564.2M          |
| Mental Health Institution Operations             | -\$196.4M          |
| Children's Services                              | -\$238.1M          |
| Statutory Salaries                               | -\$172.1M          |
| Other Various Programs                           | -\$802.3M          |
| <b>Discretionary Appropriation Base</b>          | <b>\$6,846.3M</b>  |

# Closing The Books – FY20

- **Hiring and purchasing have been frozen.**
- **Shortfall closed with a combination of:**
  - Non-tax Revenues**
  - Agency Savings**
  - Reserves.**

# Reducing Recurring Expenditures – FY21

- **\$397 million cut in March.**
- **\$283.7 million proposed cuts in June.**
- **Achieving reductions and efficiencies.**



## Addressing the Deficit

| Variables   | Levers   |
|---|--|
| <ul style="list-style-type: none"><li>• The Size of the Deficit</li><li>• Future Tax Growth</li></ul> | <ul style="list-style-type: none"><li>• Reserve Transfers</li><li>• Reductions</li><li>• Bonding</li><li>• Rainy Day</li></ul> |

# Long-Term Strategies – Years 2 and 3

- **Continue to look for reductions and efficiencies.**
- **Utilize Rainy Day Fund and other Reserves as necessary to close.**
- **Rainy Day Fund will be our last resort.**

# Summary

- **We will be prudent and methodical**
- **Fully committed to**
  - Legislative approval for budgetary reductions
  - A structurally balanced budget
  - Fully funding the BEP
  - Fully funding our contributions for Pensions and Health Insurance
  - Fully funding our Debt Service Requirements



THANK YOU